IAPetus

Quarterly Bulletin For the Institution of Analysts & Programmers

Issue 33 *March 2000*

IT AND THE NEW DEAL

Helping people find jobs and improving their chances of staying in work is key to the Government's Welfare to Work strategy.

Since April 1998, the New Deal programme has been vital in turning this strategy into reality, helping thousands of young and long term unemployed people find jobs.

A large part of the success of the New Deal initiative is dependent on participating employers.

Under New Deal, a signed up employer receives practical help with recruitment. If the job qualifies as a subsidised New Deal vacancy, they will also receive a contribution towards a structured training programme for the employee and assistance with wages.

So how can New Deal help the IT industry? New Deal candidates are selected according to their skills, and then matched appropriately to vacancies within the industry. New Deal can equip candidates with the key skills that are necessary to fill jobs within the IT industry.

IT Gateway

In the Leaside District, potential candidates are prepared for jobs using the IT Gateway. This places candidates on an intensive course of training which leads to the European Computer Driving License and provides candidates with essential computing knowledge. The IT Gateway has been designed in association with IT employers and therefore offers realistic training, which is relevant to the industry.

Through New Deal, companies have access to a pool of motivated, employable candidates. Employers have total control over the selection of prospective employees and can take advantage of a short risk free period of up to three weeks called a 'work trial'. This offers choice and flexibility for the employer and helps to ease the unemployed into worthwhile and lasting jobs.

The low 'red tape' aspects of administering New Deal have also added to its popularity among employers.

Pat Lansdowne, managing director of infoMAP says: "We recently recruited Becky under the New Deal scheme in July this year and she has already proven her worth to the company. The training provided by New Deal which is both external and in-house, has equipped Becky with the skills necessary to complete computer related tasks and she is well on the way to achieving an NVQ in IT."

"Much of the work at infoMAP requires specialist computer skills, including map design using Apple Macs. Becky's background does not include computer related skills and therefore her progression would not have been possible without New Deal. We are delighted that the initiative has provided us with a smooth and effective means of recruitment."

So far, New Deal has proved to be a resounding success with both employers and potential employees. The latest figures show that 62,000 employers have signed up to the initiative and over 155,500 young people have secured jobs. In addition New Deal has helped 101,200 people receive training or work experience.

Additional funding

A recent allocation of £50 million will allow the Employment Service to improve the service it offers to employers and jobseekers alike. The additional funding will be used to provide call centres and job kiosks with internet-linked touch-screens,

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Editorial

The dust settles after the turning of the year, the 'Millennium Bug' seems to be having even less success than the Millennium Dome, and the next dreadful threat is IR35.

This is amply covered elsewhere, but has an inherent unfairness in that the intent appears to be to tax contract workers as if they were in employment without providing the benefits (sick pay, unemployment benefit, etc.) to which employees are entitled.

I have now completed my first year as Webmeister at South Cheshire College, and I am still in pig heaven. There is so much potential for supporting teaching and learning, and for promoting the College and the community in which it is based that I am kept very busy indeed! Christine is very happy in the College Nursery – and is showing an interest in computers, she (now 3) can type her own name already:

CHRISTINE SAMANTHA ANG-HARAD ROBERTSON

Anyway, enough from me. There is plenty more to read, and that more interesting than this, elsewhere in *IAPetus*. Plans are already in hand for another IAP Symposium to follow on the success of the one held last year; and with that, a visit to Bletchley Park and a dinner at the Houses of Parliament, the IAP holds fair to fill your social calendar!

Megan C. Robertson

Farmers and Programmers!

IT is a subject that has a presence in so many aspects of life and this has been reflected in university courses that can be followed which include an element of computing.

Mathematics with Computing courses at degree level have been offered by many universities over the years and this has been extended in recent times to include an even wider variation.

This is also true of Agriculture, which has been traditionally studied on its own or with Economics, but in recent times has been offered with a greater choice of other subjects.

Recently I discovered that my old college is now offering a course that combines both Agriculture and Computing. This may come as no surprise to some. IT is used in nearly all industries, why not in the oldest of them all? Yet, although computing is offered as part of many courses, it is often geared towards the use of applications.

With this course, students are not only taught general IT but also such subjects as Communications, Telematics and Program Design, as well as Programming in Java!

I have been unable to establish if this is the first course offered of this kind. There are universities that offer degree courses in Bioinformatics, which closely couple the Biological and Computer Sciences and Cranfield University offered an MSc entitled "IT for the Rural Sector".

However, *The Welsh Institute of Rural Studies (WIRS)* course is based around a two thirds major (Agriculture) and one third minor (Computing) split, which leads to a BSc with honours in Agriculture with Computing.

Anyone interested in combing their love of farming with that of computers can find further details on the WIRS web site at http://www.wirs.aber.ac.uk/brochue/current/agcompsci.html.

Paul Lynham FIAP
plynham@msn.com

GOING FOR A JOB?

Belonging to the IAP improves your chances of landing that new job.

Let us have details of any job application which you are making, and – without making any reference to you – we will brief your potential employer on the IAP and the importance of IAP membership as an endorsement of members' qualifications and standing in the profession.

Call Mike Ryan or Nicole Edwards on 0181 567 2118 or fax 0181 567 4379

The Education Officer writes

Student placements

You'll recall from the last issue of *IAPetus* that I introduced the new system for helping student IAP members with their industrial placement needs.

Of course, there hasn't been much time yet for the information to percolate through to our student members, although I have already had a number of enquiries about it.

However, I've had just two specific requests for placements and, as luck would have it, one is from someone who is not a 'conventional' student (that is to say, he isn't presently doing a university course).

Paul Badero is currently completing a course in C and C++ through the ACP. He has worked in both Windows and Unix environments. He is particularly interested in working in C and C++ but would also be happy to cross-train to other languages.

He also has some previous banking experience. He would like to work on a part-time basis. He is available immediately and would like to work within the Greater London area or in Kent.

Leo Fernandez completed an HND in Software Engineering at the University of Westminster last year. He's now in the second year of the Honours degree programme, the diploma having given him exemption from the first year.

Among his skills, he lists Visual Basic, C++, HTML, Emacs, Minix and Unix. He lives in St Albans, so posts in North London and Hertfordshire would be particularly attractive, but he's happy to travel.

He's wants to work through the long vacation (June, July and August) and, if possible, over Easter.

If you are interested in contacting Paul or Leo to offer them some work experience, please email me at eo@iap.org.uk or contact me through the IAP offices.

The Director General writes

Despite the best efforts of the IAP and other industry bodies to make them see sense, it is clear that the Inland Revenue is determined to press ahead IR35.

They swear their intention is not to penalise genuine contractors, but merely to ensure that those who are really in "disguised employment" do not have an unfair tax advantage over other employees.

Though I believe this legislation will cause far reaching damage to the UK economy as a whole, many members of the IAP may not be immediately affected. Either they are in regular employment already, or they are not working at all in the normal sense (studying, writing books etc.). Or it is clear, from applying the tests outlined in the latest IR Press Release (an extract is printed elsewhere in *IAPetus*), that the Revenue would have to regard them as genuinely self-employed. It is to the remainder, typically those working on long steady contracts through agencies, that I address these remarks.

Once it becomes inevitable, there is no point in wasting energy continuing a rearguard action against IR35. Tax law has changed before; it will change again. The most profitable approach will be to forget the past, and consider how best to take advantage of the new situation as it is presented now. Essentially there are three options.

Being an employee is not the worst thing in the world. A regular source of income keeps the tax man happy, and the right job can provide all kinds of benefits that contractors miss out on. It can also provide a secure platform from which to pursue lucrative spare time consulting work. Not all contractors make huge amounts of money. Some lie to themselves, blinded by headline rates, and year-end accounts prepared for the tax man tell a more sober story. But it is often nearer to the truth than the contractor would like to admit.

The news is not all bad for contractors ("disguised employees!") either. The need for their services is not going to disappear overnight. Clients will still experience peaks of demand for specialised skills. But, thanks to IR35, contractors with those skills are going to be in shorter supply. This means contractors' rates will go up, and clients' profits will go down. Contractors will pay more tax; clients will pay less. The IR will be left with the admin bill.

If you are a contractor caught by IR35, it is worth considering what you would have to do in order to join my last group, those who can satisfy the IR that they are genuinely self-employed. You may not need to do very much. It seems to me that the "tests for employment" which the IR says will decide who gets caught by IR35 give a number of useful pointers.

Obviously a lot will depend on individual circumstances, and I would urge members who are concerned about their position to talk to Gordon Morrison on the IAP's free accounting advice line. Gordon has made a special study of the IR35 problem; at the very least a chat with him will cheer you up. His number is 020 7730 8995.

You might also consider whether now is the time to join the IAP's Professional Indemnity scheme. It doesn't cost an arm and a leg. One of the tests of self-employment is whether the work involves the worker in personal risk. If you insure yourself against professional risk, that must surely be a strong indicator that you, at least, believe your work does involve risk. Call Mike Burdon on 0117 925 5819.

Mike Ryan

IT and the New Deal – *Continued from Page 1*

connecting job seekers with the vacancies. These facilities will be widely available in public places, such as supermarkets, libraries and cyber cafes.

A single national telephone number will also provide centralised information about careers and learning opportunities and a register of vacancies and relevant employers.

New Deal is available for 18–24 year olds, those aged 25 and over, for lone parents, for partners and in certain areas of the country for people with a disability. Nine areas across the country are also currently piloting New Deal 50plus, an initiative to unlock the potential of older workers. In all cases, participants discuss their circumstances with a New Deal Personal Advisor who helps them identify their skills and any training needs.

To discuss the availability of New Deal individuals in your area and whether or not they would be suitable for an existing or future vacancy within your company, contact your local Jobcentre.

For further general information you can call 0845 606 2626 or visit the New Deal Website at www.newdeal.gov.uk.

For further information, please contact Laura Nathan or Clare Barratt at Geronimo Marketing and Communications on 0181 959 6461 or 0181 906 2715; Fax: 0181 959 0839; email: laura@geronimo.co.uk or clare@geronimo.co.uk

PROFESSIONAL INDEMNITY INSURANCE

"It is a truly comprehensive policy and we believe, due to the bulk purchasing power of the Institution in this specialised field, provides unbeatable value for money"

General Accident offers a truly comprehensive policy at special advantageous rates for IAP members.

Details of basic cover from the Institution office, or contact the specialist broker who is administering the scheme for the IAP:

Mike Burdon, Cabot Blackmore, North Quay, Temple Back, Bristol BS1 6FL
Tel 0117 925 5819

The IAP has a governing Council of fifteen elected members. Each member serves for three years, five members retiring and five new ones being elected every year. The people below are each offering themselves for election to one of the five Council places that will become available on 1st June 2000.

Council Elections
Candidates' manifestos for 2000

Gilbert Edlin

I am 38 years old and have been a member of the Institution since 1994. I first joined as an Associate Member on completion of my HND in Computer Studies, but I was upgraded, first to Member, and finally to Fellow in 1999.

I am a Business Systems Engineer with the Gartner Group, involved with UNIX support, server projects, WAN, management software and supporting Gartner's Windows NT set-up. Since 1985 I have had a particular interest in the evolution of advanced computers.

Some of my training was done through Computeach, and I have since maintained contact as Secretary of the Computeach Services Advisory Committee (COMSAC). This is a body of old students that keeps Computeach abreast of the changing needs of those training to enter the profession. The Institution also has an important part to play in helping such people, and I hope that as a member of Council I can apply my experience to help make the public more aware of the Institution, and of the services it provides.

Graham Fenton

I have been a council member since 1997 and served as the IAP Treasurer since the last AGM in October 1999. I would welcome the opportunity to serve another term of office.

The Institution has to move with the times, and in the next 3 years I envisage many decisions and changes need to take place. The Internet has changed our way of working for ever. The IAP has to be seen to be at the forefront of these changes, we should be leading not following. I would envisage further investment in this area as a must for the IAP.

We have to find suitable alternative offices for our administration function and meeting rooms. At that time we can update our equipment, software and internal workflow patterns. The name of the IAP has to be promoted, we are an organisation for professionals and we need to promote our organisation at every opportunity.

Cameron Hay

During my 25 year career in IT, in various roles of teaching, consultancy, analysis and design I have focused on methods, standards, and on using a pragmatic but disciplined approach to development. I believe our profession needs to communicate its intentions to clients, analysts and developers in a common language. If we seek recognition and respect we must earn that recognition by demonstrating our competence to control the complete life cycle throughout our respective fields of operation. I believe the Institution is one of the most appropriate bodies to promote such a campaign.

My personal experience includes the launch of two quite different start-up companies providing software products and services. This has given me a detailed insight into the difficulties of launching new products and raising venture capital, which I would be happy to share with members who have similar aspirations. Experience as a member of Council since last year has convinced me that my broad business background can be usefully applied in the service of the Institution.

Paul Lynham

The Institution of Analysts and Programmers is an organisation I am proud to be associated with. It promotes the best practices of members involved in our profession including the acquisition of skills, education and professionalism, as well as providing a varied range of services to people who are usually very busy.

In recent years the Institution has been highly proactive, co-operating with varied organisations to ensure that education and training within our field is thorough and appropriate to the needs of industry. I know a little about both education and software development, as I teach programming at two colleges and for the Open University, as well as producing software for use in medicine, agriculture and education.

With the continued progress that the Institution is making in this area and the quality it maintains, there will be an even greater awareness of the benefits that professional membership of our organisation brings. I would like to be able to help in this endeavour and if re-elected to serve on the council, I will to continue promote the Institution and the high standards it represents.

John Weller

I left the RAF in 1994 after 33 years as aircrew. Whilst in the service I was employed in a variety of posts which included flight simulator development and software production for units of Strike Command. During my time in the RAF I took an OU degree in Computing Science and Applied Maths. I was elected a Fellow of the Institution in 1993.

When I left the service I set up in business as a freelance developer, producing bespoke database software then moved into contracting. As a contractor I have worked for a software house specialising in Life Insurance and major city banks amongst others.

One of my main interests on the Council is increasing our links with the services as I feel that this is an area where the less rigid approach of the IAP to qualifications will be of great benefit. I am also interested in any area where we can give our

IAP Council Elections 2000

With only five candidates duly nominated, all are automatically elected and there is no need for an election.

Therefore the members of Council appointed to serve from 1st June 2000 until 31st May 2003 are:-

Gilbert Edlin
Graham Fenton
Cameron Hay
Paul Lynham
John Weller

Alex Robertson
Deputy President and
Returning Officer

FIRST STEPS

Introductory Thoughts on Website Creation

Once you have decided that you would like to have a website for your business, here are a few things, which you ought to consider. They are equally applicable should you decide to learn how to write a webpage yourself or prefer to hire a website designer to do the initial set-up for you.

1. *Basic Web Concepts* - so you want to have a website, what are your actual aims and objectives in putting your company on the web?
2. *Corporate Image* – the 'look and feel' of your website. Creating a coherent 'house style' which reflects other literature, etc., which you may have. What is the impression of your business that you want to give to the world?
3. *Content* – what is it that you actually want to say? Do you want to, for example, tell people about your business in general, and/or highlight particular goods and services, which you offer?
4. *Target Audience* – who do you want to look at your website, and how do you intend to let them know that it is there?
5. *Desired Response* – once you have your audience, what do you want them to do when the visit your website?
6. *So How Do I Achieve All This?* – The options:-
   - ✔ Learn how to write and manage your own website
   - ✔ Hire someone to manage one for you in-house (or train an existing member of staff to do this for you)
   - ✔ Go to an outside design company who can create and manage the site for you
   - ✔ Combine initial 'professional' design with in-house management

Maintenance

If you wish to hire the services of a professional website designer, do you want him to manage the site for you on an ongoing basis, or will you learn to do this in-house once the core design has been done for you? Either way, how often do you want the website updated? Prices and services offered will change – only you know how quickly in your line of business. How will you ensure that the website keeps pace with the changes in your operation?

Should you prefer to create your own website from scratch, does any member of your staff have the necessary expertise, or the willingness to learn? What courses are available in convenient locations, and what do they cost? Do you have the necessary hardware and software in-house? Do you have the resources and capability to host your own website – you'll need a permanent Internet connection (leased line), a machine dedicated to the webserver role and a stout firewall between that and the rest of your computer network. To do this, you will need considerable staff support; it will probably take the majority of one person's time to run such a system. It is, however, worth considering if you aim to have an on-line catalogue or major e-commerce activity on your website.

Alternatively, you may prefer to have the website hosted remotely. There are a variety of services available, with costs ranging from totally free to quite expensive. To present a professional and businesslike appearance, you will need to register your own domain name – that's the http://www.yourcompany.co.uk website address. The basic cost of registering such a name is £80 for the first 2 years, plus £40 per year thereafter... but many ISPs (Information Service Providers) will charge an additional fee to set up your domain on their webspace, even if you are already paying them for webspace provision! Free webspace providers do not usually allow you to use your own domain name – but if you want a large site, you can always pay for a small amount of space with your domain name as a 'portal' into a larger webspace hosted elsewhere at no cost!

If you are going to invite visitors to the site to send e-mail to you, how often will you check incoming mail, and what turn-around time on replies do you envisage? You will need to consider what equipment and staff resources you will need to maintain the level of service you wish to have.

Objectives

Having considered these points, it is now time to start thinking about the website itself. These points were originally developed for people who want to hire in design expertise, but most are equally relevant for those who intend to build a site in-house.

1. *Know what you want* – Have a clear idea in your mind of what impression you want to give of your business, and what sort of material you wish to present on your website.
2. *Design Matters* – Define colours, logos and other such concepts. How 'flashy' do you want your site to be? If you do not have a logo, should you leave that to the web designer, or go to a graphic artist? What fits in with your company's 'image'?
3. *Interactivity* – What (if any) interaction do you want between the person reading your website and yourself. If there are e-mail links, for example, where do you want them to go? Will someone in the business be capable of accessing and responding to them?
4. *Updates* – How frequently do you think the content of your site will change? How do you intend to control and progress this – have the site managed for you or do it in-house once the initial site has been created for you?
5. *What the Average Web Designer Wants from You* – The sort of questions a web designer will ask and the information he will expect you to be able to supply.
6. *Keeping Control* – How to ensure that the web designer stays with your design brief. Stay involved in the process, ask for proofs, don't be afraid to say if there is something you want changed.
7. *Be Ready to Listen* – Let the web designer show you things that you may not have thought of (his expertise is why you have hired him, after all!); but don't get carried away, keep focused on what your aims and objectives are – the latest and shiniest new tricks may not serve your purpose however impressive they look! If you have decided to learn how to build your own, utilise the exper-

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IAP visit to Bletchley Park

Saturday, 13th May

Bletchley Park, also known as "Station X", was home to the famous codebreakers of the Second World War, and the true birthplace of modern computing and communications.

The Institution is organising a visit to Bletchley Park for members, their families and friends.

Centrepiece of the estate is an opulent mansion, originally the home of wealthy Victorian businessman Sir Herbert Leon, but requisitioned in 1938 by the Government Code and Cipher School.

The mansion, its surrounding buildings and a number of rapidly erected wartime huts housed the 12,000 people who worked there during the war in utter secrecy. Now, by following the Cryptology Trail, visitors can marvel at the secret methods and machines that were developed there to crack Hitler's codes.

Those who attended last year's Symposium heard Tony Sale describe his efforts to rebuild the famous Colossus machine, the original having been destroyed on Churchill's orders.

You will see not only Colossus, but many other machines and mementoes of particular interest to computer buffs, including a working example of the German Enigma coding machine, and the Turing Bombe device invented to unscramble its messages.

But that is not all Bletchley has to offer. In the mansion and its 30 acres of grounds are many other attractions to entertain families, children, and perhaps even members of the IAP. On display you will find historic vehicles, model railway layouts, model boats on the lake, and a variety of fascinating exhibits and displays.

If the IAP had organised a private visit it would have had to take place on a weekday, and we were not sure how this would suit our busy members.

So instead we are joining one of Bletchley's regular open weekends. We will meet at the mansion at 11.00, and probably make a tour of the building and the main exhibits (with a guide) before breaking for lunch.

In the afternoon you will be free to explore the grounds and the other exhibits at your own pace.

Details of the trip will be sent to interested members who contact the Institution office on 020 8567 2118 with provisional reservations.

The cost should be less than £20 per head including a light lunch and coffee etc., payable on the day. Bletchley is on the main line from Euston, and just off the M1 at Junction 13. There is ample car parking on the site.

First Steps – *Continued from Page 5*

tise of your tutor. Ask him for ideas, explain what you are trying to achieve.

Security

There will be further points to consider should you decide to actually conduct business through your website – so-called 'e-commerce'. The commonest form of this is the online store, where you describe the wares you have on sale and accept orders (usually by credit card) from customers visiting the website.

This is only the tip of the iceberg, there are many other ways in which you can do business over the Internet... as many as you can do over the telephone, by post and face-to-face combined!

The main consideration for any kind of e-commerce is ensuring that you can build trust between you and your customers. At the bare minimum, you need a 'secure server' system, which is a means of ensuring that any details transmitted between you and your customer cannot be intercepted by a third party. People are unlikely, for example, to wish to enter their credit card details if they are not confident that you will keep them safe.

There's a lot more to it, of course. One trick is, although you intend to conduct business via the Internet, ensuring that alternative means of contacting you – telephone numbers (with your office hours) and postal address – are provided. Use the names of your staff, rather than bald job titles in e-mail addresses. Who would you prefer to communicate with – 'Megan' or 'Webmaster'? 'Joe' or 'Sales'? 'Jane' or 'Technical Support'?

You may wish to explore 'digital signature' technology and use it, for example, to sign e-mails. An e-mail of itself is not yet accepted as a contractual or legal document, with a properly constructed digital signature appended it can be held to be binding.

Above all, don't think of e-commerce as a cheap way to do business. If you open a shop or have offices, you expect to have to spend money on bricks and mortar, on security, on decoration, on fixtures and fittings. You have to provide adequate resources for a commercial website too!

Profitable adjunct

As you consider all these aspects of creating a website for your business, don't be discouraged. It is not something to embark on lightly, but it can be a very profitable adjunct to your existing business, and may open up many new avenues of profit.

Ask yourself if you expect to use the Internet primarily to enhance your service to your existing customers or to attract new ones. Will you develop whole new areas of business or look at new ways of marketing and selling your existing products and services? As you become more at home with the Internet, how will you be able to use its resources to build up and enhance your company?

The possibilities are limitless, and you will find it both fun and profitable to explore them. Good luck..... and see you on the Web!

Megan C. Robertson
Webmeister,
South Cheshire College

IR35

The latest Press Release

The material below is taken from an Inland Revenue Press Release dated 7th February 2000.

It sets out the principles behind the IR35 proposals in simple terms, avoiding the problems associated with various special cases. We hope this will give individuals an indication of how they are likely to be effected, regardless of whether the proposals are sensible or fair.

Intermediaries such as service companies can be set up to provide the services of a single worker to a client in circumstances where, if it were not for the service company, the worker would be an employee of the client.

The use of service companies in this way allows the client to make payments to the company rather than the individual, without deducting PAYE or NICs.

The worker can then take the money out of the service company in the form of dividends instead of salary. Dividends are not liable to NICs so the worker can pay less in NICs than either a conventional employee or a self-employed person. The individual thus gains an unfair advantage over other employees. There are also tax advantages.

The proposed legislation will remove these tax and NICs advantages. The provision will rely on the existing tests, used to determine a worker's employment status, in deciding whether a worker in a service company is subject to the new rules.

These tests, which have been established by the Courts, determine whether an individual should be treated for tax purposes as employed or self-employed.

The tests are based on factors which most people would recognise, such as whether the individual invests in his business, risks his capital, or provides substantial equipment and materials, on the one hand, or on the other whether he works a fixed number of hours, on another's premises, under the direction of a manager. No single factor is conclusive: each engagement has to be looked at in the light of all the facts.

Because many service company workers in the IT industry are engaged through agencies on standard contract terms, the Inland Revenue have given specific advice on these standard contracts. The contracts require the worker to:

- work
  - where the client requests
  - for an agreed number of hours per week
  - at an agreed rate of pay
- keep a timesheet checked by the client
- be subject to the direction of the client, and
- not sub-contract their work to anyone else.

Where these contract terms apply, and the engagement is for a month or more, The Inland Revenue's view is that the proposed legislation will apply, unless the worker can demonstrate a recent history of work including engagements which have the characteristics of self-employment.

Details of the tax and NICs consequences, where the legislation does apply, were announced in September 1999 and can be found on the IR website at www.inlandrevenue.gov.uk/ir35

FREE LEGAL ADVICE

Up to half an hour's free telephone advice per problem on legal aspects of IAP members' work in Information Technology, from solicitors in a top international law firm.

Does not include writing letters, or considering documents sent through the post.

Special rates quoted for IAP members on any kind of legal work.

Call Mark Snelgrove on 0115 950 0055, at Browne Jacobson.

Dinner at the Commons

As we go to press we are still unable to name a date for the IAP's Commons Dinner.

Refurbishment of the dining rooms is still underway, and the House will not take bookings until it is certain the builders will be clear. A sensible policy, if somewhat frustrating.

The Dinner will definitely go ahead, but it may have to be delayed now until after the next edition of *IAPetus*, which is due out in early June. That is unless so many people have put their names down before then that we do not need to recruit any more.

Several people have already expressed an interest. Don't worry; we have your names and as soon as we have a date we will write to you.

Anyone else should contact the office as soon as possible. Total numbers are flexible at the moment, but there are practical limits.

Priority will be given to members and their partners. The cost is not likely to exceed £50 per head.

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IR 35 - give this Club a miss!

By now many of you will have been offered an 'IR 35 proof contract' and will have heard so many stories or points of view that you will wonder how to tell the fact from fiction.

In September in his Director General column Mike Ryan wrote "I am optimistic that IR 35 in its final form will be a lot less damaging than we feared".

That very month the Inland Revenue ditched their original proposals and said they would rely on the old status enquiry case law to determine whether a contractor is self-employed or employed and so which personal service companies would fall into the proposed new rules. In my opinion subject to the Inland Revenue's final announcement of the "flesh on the skeleton" due imminently, Mike Ryan was correct.

However only those *who plan carefully and in an informal manner will be able to waive membership of the expensive IR 35 club.*

It is estimated that a turnover of £100,000 will cost an individual an additional £8,500 in tax and National Insurance as we understand the new rules at the moment.

The article "IR 35 a personal view" at the end of the December edition of *IAPetus* suggested that you will be able to "bump up your rates to pay the extra tax, most clients are going to have to accept it". I believe this is extremely optimistic.

However, if the market will allow you to bump up your rates £8,500 per annum let' s ensure it does not go to fill the exchequers' coffers.

No if you have the right contract you need not join up.

Relationship

Contractors and clients/agencies have always intended that their contracts were that of a contract for services by the contractor's company, rather than a contract of services for the contractor. Otherwise the client could have acquired a 'permie' at a large saving.

The problem we face, however, is that few of the contracts standard to agencies and signed by contractors up to this point in time reflect accurately 'in law' the relationship that both parties intend to enter into.

A contract can have written, oral or implied terms. The courts will look first at the written contract. Only if the oral or implied terms contradict that written contract will it be weakened.

Where a contractor is using an agency the contract of the company is with the agency, not the client. In that respect the contract between the client and the agency is irrelevant. However, the Inland Revenue are sure to suggest that any terms in that client–agency agreement that contradict the contractor's own contract with the agent will weaken and undermine it.

To begin with you may need help in approaching your client or agency to persuade them of the need for a suitable contract.

Proof contracts

Soon, though, the contract will be only half the story because before long all agencies are likely to be using IR 35 proof contracts in which every clause is based on the modern case law relating to status cases. You must ensure you place as much importance on the following points.

1. The contractor, agency and client must all understand the reason and significance of each clause in the contract and agree to them. By this process the Revenue will not be able to suggest that the contract is a sham.
2. Ensure the contract is properly implemented.
3. Ensure that all other oral or implied terms are identified. The additional documentation such as client procedure manuals and house rules have been identified. The problem with unwritten agreements is that each party to that particular agreement may have made assumptions or have a different view of the implications.
4. After six months or half way through the contract whichever is sooner, ensure that a fully documented and recorded review is undertaken to monitor the way the contract has actually been implemented and carried out. Ensure what is reported is the reality, because come the crunch, the evidence of the relationship or arrangement which is gathered will be tested by the H M Inspector of Taxes, or may be at the General Commissioners. The review will stand you in good stead in that eventuality.

The Inland Revenue are talking of £220 million of NIC from 60,000 businesses. Their regulatory impact assessment (revised October 1999) talks of Revenue being earned in 2002 onwards. This suggests 2000/2001 will be a period of intelligence gathering. We can expect that PAYE Inspectors at clients and agencies will include a trawl of all contracts with personal service companies.

PAYE

These will then be followed by a look at the PAYE being paid by the personal service companies and at best a PAYE inspection of them, at worst a tax determination straight after the P35 is submitted in May 2001. Unfortunately, due to the size of most personal service companies, every transaction can be inspected in detail and so the directors of these companies would be well advised to ensure their PAYE, Corporation Tax, Benefits in kind, VAT compliance is all in order. Ensure your professional advisor attends all such 'routine' Inland Revenue inspections.

Yes, we are shortly to be under attack, to be press ganged into the IR 35 Club. If you operate through a company or partnership you should take action.

In the case of self-employment you should have taken similar action a long time before IR 35 was even conceived. Good planning, advice and support is what contractors will need, rather than good luck in order to stay out.

This article has been written by Nigel Gilroy, a chartered accountant. He offers a Fixed price service aimed at protecting clients from the effects of IR 35 and can be contacted at Langx@cix.co.uk or 020-8339 9400.